



Year-end for the Government of Canada

**FMS Financial Management Conference
Bethesda, MD
August 13, 2003**

Version 5

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Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada



Agenda

- 1) Introduction (5 min)**
- 2) Background info about Canada (5 min)**
- 3) Systems Overview (5 min)**
- 4) Financial Framework (10 min)**
- 5) Year-end process (20 min)**
- 6) Future improvements/initiatives (5 min)**





Session Speakers from Receiver General (PWGSC)

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Other RG staff present at FMC

Barbara Cucheran – Manager, Receiver General/General Ledger Division

Janice Peron – Chief Development & Quality Assurance, Central Financial Management & Reporting System (CFMRS)





Objective of Session

To provide an overview of how the Government of Canada performs the financial operations and, more specifically, the process associated with year-end the preparation of the consolidated financial statements for the Government of Canada.

****Disclaimer**:** The content of this document exceeds the presentation time allowed. Therefore, not all the material will be covered in the presentation.





Background info about Canada & GoC

General:

Population: 31.5 million in 2002

Area: 9,984,670 km² (vs 9,629,091 km² for USA)

Division: 10 provinces and 3 territories

Total GoC Revenues (2002): 173 Billion

Total GoC Expenditures (2002): 164 Billion

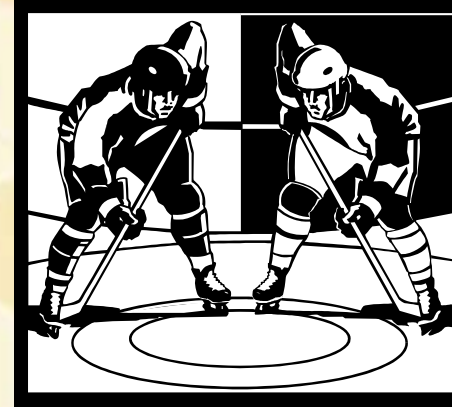
Annual GoC Surplus (2002): 9 Billion

Accumulated GoC Deficit (2002): 536 Billion

GoC employees: Approx. 200,000

Fiscal Year: April 1st – March 31st

Moved to Accrual Accounting (start April 1999)





Background info about Canada

Budgetary Cycle:

March-June: Preparation and review of departmental business plans

June: Cabinet review of priorities

September-October: Cabinet review of budget consultation targets and conducting of consultations

November: Economic Update Statement by the Minister of Finance
Tabling of Departmental Performance Report

December-January: Cabinet review of budget strategy

January-February: Final Cabinet decision on budget

February-March: Budget speech and tabling of Main Estimates

**** Main Estimates are the basis of fund allocation to entities.**



Summary Financial Activities/Events:

Accounting Cycle

- **Budget of the Minister of Finance (Finance)**
- **Main Estimates (Treasury Board Secretariat)**

Preliminary Reports

- **Monthly Financial Statements (RG-PWGSC)**
- **Fiscal Monitor (Finance)**
- **Special Reports (Various)**

Closing of the Accounts of Canada

- **Supplementary periods (P12-1, P12-2, P12-3)**
- **Final Adjustments (Allowance for Valuation)**

Annual Reports

- **Annual Financial Reports (Finance)**
- **Public Accounts of Canada (RG-PWGSC)**

Reporting Entity and Accounting Entity:

Reporting Entity: includes all departments, agencies, corporations and funds which are owned or controlled by the Government and which are accountable to Parliament. The financial activities of all departments, agencies, corporations and funds are consolidated in Public Accounts, except for enterprise Crown corporations and other government business enterprises which are not dependent on the Government for financing their activities.

Consolidated Revenue Fund (CRF): means the aggregate of all public moneys that are on deposit at the credit of the Receiver General

Accounting Entity: 95 Departments and agencies who use the CRF and submit Trial Balances to the Central Systems.



Background info about Canada

Funds allocation & control:

When approved by Parliament, the Main Estimates become the Appropriation funding for that year. Like any other piece of legislation, the Appropriation Act must be passed by Parliament.





Background info about Canada

Financial Administration and the Key Players :

The Financial Administration Act (FAA) is an Act to provide for the financial administration of the Government of Canada, the establishment and maintenance of the accounts of Canada and the control of Crown corporations. (<http://laws.justice.gc.ca/en/f-11/text.html>)

Outlined in the FAA are the roles & responsibilities of the key players which includes Treasury Board Secretariat (TBS), Office of the Auditor General (OAG), Finance, the Bank of Canada and the Receiver General (RG)





Background info about Canada

Key Players :

Treasury Board Secretariat

- **Establish and communicate accounting and financial policies to Departments and Agencies and provide guidance on their application.**
- **Joint responsibility with Finance for the form and content of the Public Accounts.**
- **Provide direction to the Receiver General function for the form and content of the Public Accounts.**
- **Table Public Accounts of Canada in House of Commons (to Parliament)**





Background info about Canada

Key Players :

Receiver General (PWGSC)

- **Maintain the Accounts of Canada**
- **Maintain and operate government-wide Central Accounting Systems.**
- **Establish and communicate accounting procedures to Departments and Agencies and provide guidance on their application.**
- **Produce interim financial reports and the Public Accounts of Canada.**





Background info about Canada

Key Players :

Department of Finance

- **Broad responsibility for matters relating to the financial affairs of Canada.**
- **Fiscal Policy Division responsible for analyzing and assessing the financial position of the government.**
- **Prepare and publish monthly Fiscal Monitor.**
- **Produces the annual Financial Report of the Government of Canada.**
- **Joint responsibility with TBS for the form and content of the Public Accounts.**





Background info about Canada

Key Players :

Bank of Canada

- **Canada's central bank;**
- **Promotes the economic and financial well-being of Canada (Bank of Canada Act 1934);**
- **Works jointly with the Receiver General through Cash Deposit Program, Foreign Payment Program and provides the government interest rate of payment or reimbursement.**





Background info about Canada

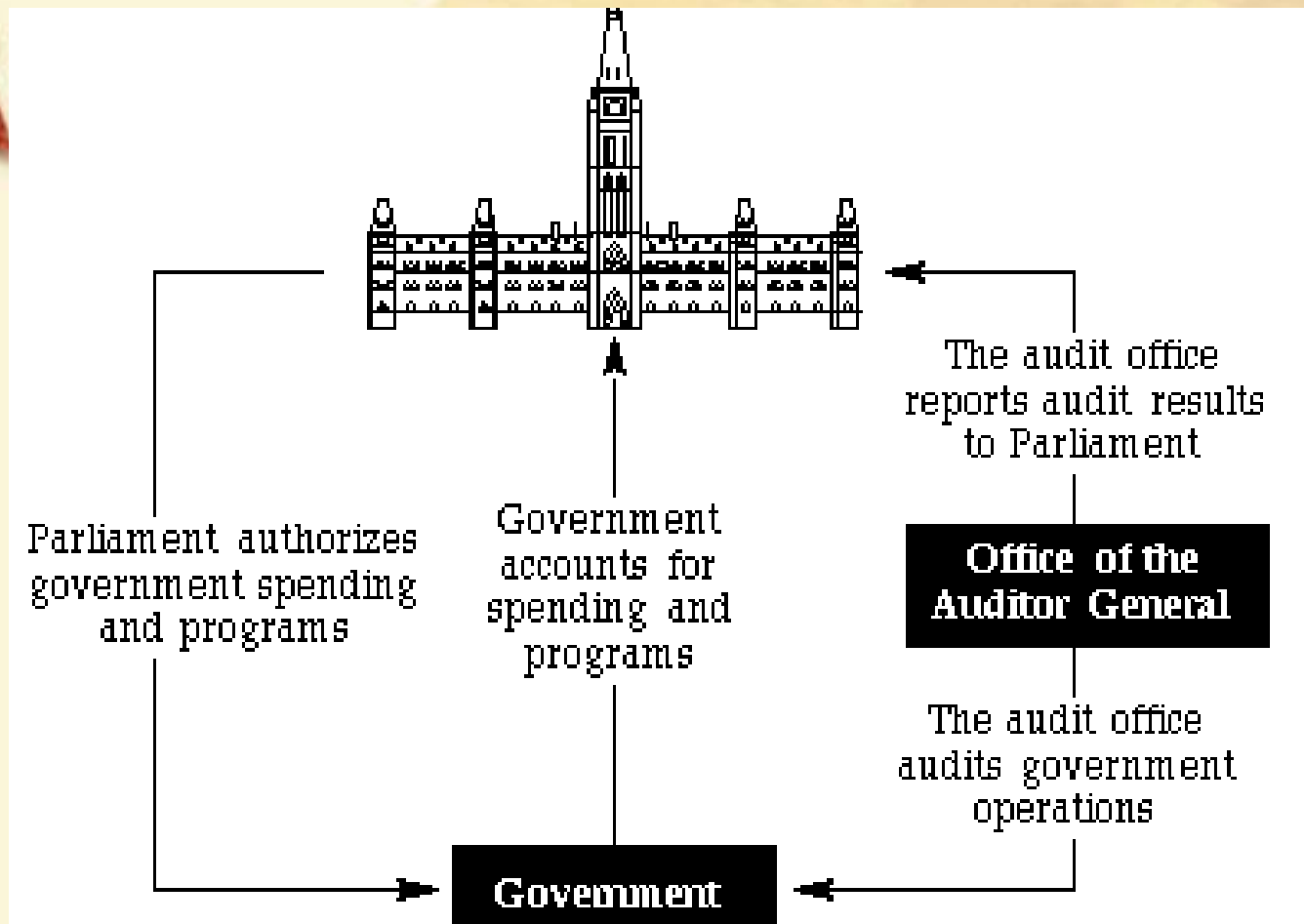
Key Players :

Auditor General

- **Independent of the government, and is appointed for a 10-year period;**
- **Reports directly to the House of Commons, through the Speaker;**
- **Audits the Annual Public Accounts of Canada and expresses an opinion as to whether the statements present fairly the financial position of the Government of Canada, and the results of its operations, changes in financial position and its financial requests in accordance with Government accounting policies.**



Background info about Canada





3) Systems Overview

Central Systems & Departmental Systems:

Central Systems: These systems are maintained and operated by the Receiver General to fulfill the central agency requirements and controls as outlined in the recent Financial Information Strategy (FIS) Control Framework.

- **Banking Facilities System (BFS) / Government Banking System (GBS)**
- **Standard Payment System (SPS)**
- **Regional Pay System (RPS)**
- **Payroll System – General Ledger (PS-GL)**
- **Receiver General – General Ledger (RG-GL)**
- **Central Financial Management Reporting System (CFMRS)**



3) Systems Overview

Central Systems & Departmental Systems:

Departmental Systems: These include 7 TBS approved Dep't Financial Management Systems (DFMS) and many feeder/business systems within the entities

- **Integrated Financial Material System (IFMS – SAP)**
- **Oracle**
- **Application Management System (AMS)**
- **Common Departmental Financial System (CDFS)**
- **Free Balance**
- **Common Management System (CMS)**
- **GMAX**
- **People Soft**

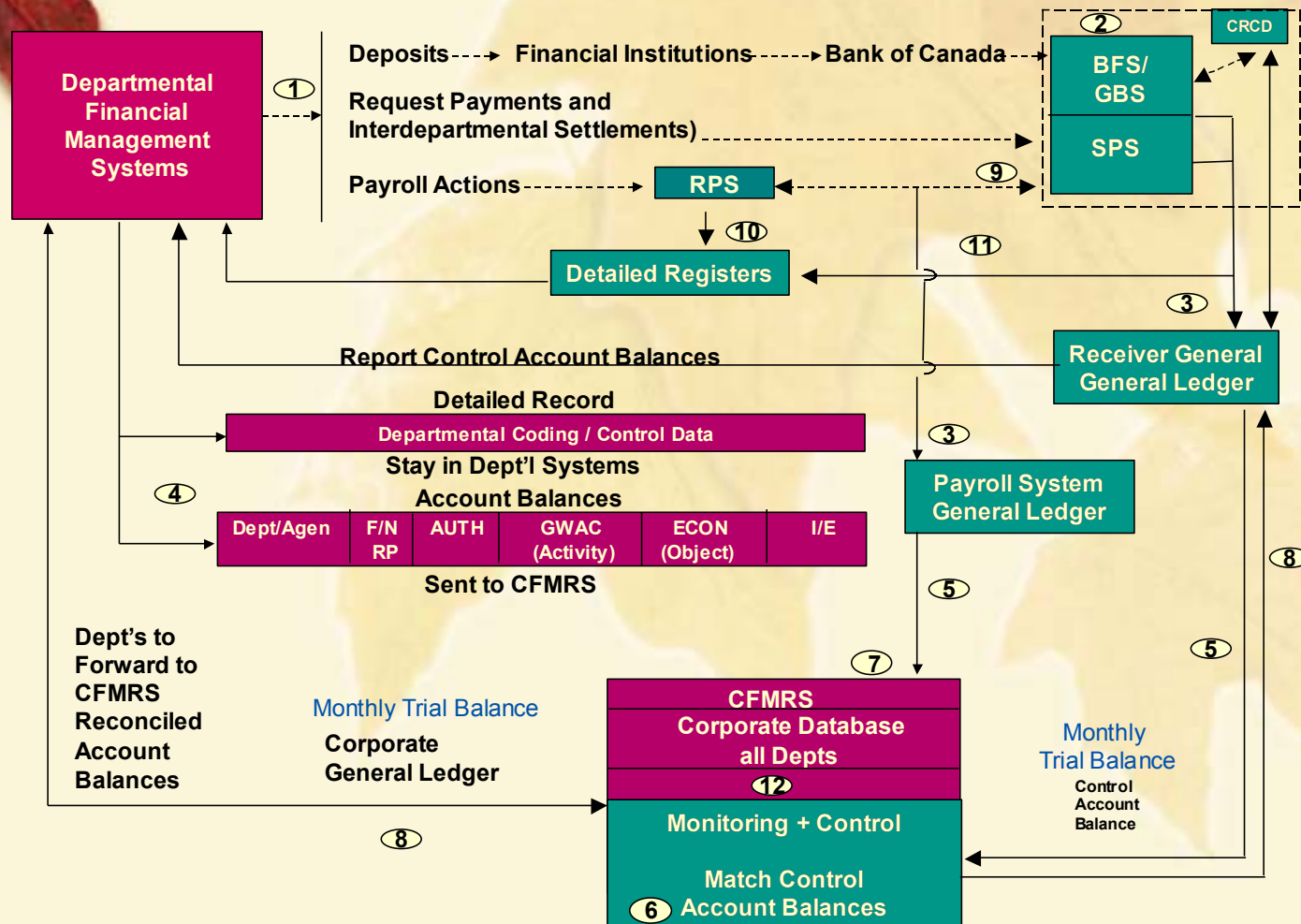


3) Financial Framework

Financial Information Strategy (FIS): (the move to Accrual Accounting)

- **Government-wide initiative**
- **Accounting policies and practices in conformity with GAAP**
- **Implementation of accrual accounting**
- **Accountability & decision making**
- **Implemented over a period of 3 fiscal years (1999 to 2002) and was done on Budget and on Time**
- **Based on the Account Balance concept**
- **Updated the suite of Central Financial Systems**
- **Transaction details remain in DFMS and depts. submit summary details in Trial Balance to CFMRS**

3) Financial Framework





3) Financial Framework

Government-Wide Chart of Accounts (GW-COA):

- **framework for identifying, aggregating and reporting financial transactions to satisfy the government's information requirements**
- **codes comprise the GW Financial Coding Block (FCB) used for the CFMRS Trial Balance**
- **must be used by all departments and they may have a separate COA to satisfy their departmental specific needs**
- **Can be found at <http://www.pwgsc.gc.ca/recgen/gw-coa/home-e.html>**



3) Financial Framework

(GW-COA) codes in the (FCB):

The following codes make up a complete line of coding in the FCB and are included in the Trial Balances.

- **Department (DEP) 3 digits identifying responsibility**
- **Financial Reporting Account (FRA) 5 digits needed to maintain the GW-GL and is used to prepare the government's financial statements**
- **Authority (AUT) 4 chars. ensures financial transactions are accounted by authorities (i.e., appropriations and/or votes) that are established for each department and agency by Parliament.**
- **Activity (ACT) 5 digits used to identify a project/program**
- **Object (OBJ) 4 digits identifies the types of resources acquired or disbursed through transactions**
- **Internal/External indicator (I/E) 1 char. used for consolidation**

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3) Year-end Process

The RG provides guidance and advice for Year-end which includes reconciliation of accounts (based on Quality Assurance (QA) reports & analysis), closing the books and the preparation of the Public Accounts.

The RG guidance and advice is consistent with policy direction provided by TBS.

Departments submit their summarized information in their Trial Balance and prepare Public Accounts based on these details and they must also prepare Departmental Financial Statements in compliance with TBS guidelines.





3) Year-end Process

RG - Quality Assurance Exception Reports **(Analysis of Trial Balance submission details)**

- **Purpose of reports is to help identify errors and/or invalid coding combinations in departmental trial balance submissions for departments.**
- **Distributed by e-mail to departments on a monthly basis.**
- **New reports are added as additional coding inconsistencies or accounting errors are identified.**
- **Individual department scorecards and supporting documentation are prepared and analyzed each month.**



3) Year-end Process

Year End Timetable

Regular and Supplementary Periods

Regular: Departments are required to transmit their Trial Balances on the 5th working day of the month for Periods 1 through to 12.

Year-end requirements begin in Period 9 (Time to get ready)

Supplementary: Departments are given additional time to finalize their details, to close their books and to prepare their Public Accounts and Financial Statements. These Periods include P12-1 (P-13), P12-2 (P-14) and, for exceptional entries, P12-3 (P-15)



3) Year-end Process

Year End Timetable

Accounting Period 9

Departments are required to submit preliminary representations on the completeness and accuracy of their departmental accounts through a Period 9 Certificate of Representation approved by the Senior Full-time Financial Officer.

Departments are required to submit details of their A/R-OGD and A/P-OGD with information identifying the partnering departments, and must attempt to resolve or explain both previous fiscal years and current fiscal year originated amounts which are not matched.

Departments are required to demonstrate that they are actively allocating amounts in suspense accounts and correcting items identified in the Quality Assurance Exception Reports.



3) Year-end Process

Year End Timetable

Accounting Period 12 (Regular and Extended)

Accounting Period 12 is the final accounting period for the fiscal year and consists of a Regular Component and an Extended Component.

Accounting Period 12 Regular is comparable with accounting Periods 1-11 and is the final period for input of 2002-2003 transactions. The departmental trial balances forwarded to CFMRS for the accounting Period 12 Regular are to include all the normal monthly accruals to permit the Monthly Statements of Financial Operations to be produced by the Receiver General, on a basis consistent with Periods 1 through 11.





3) Year-end Process

Year End Timetable

Accounting Period 12 (Extended)

provides departments with an additional period of time to finalize their accounts by processing old year internal adjusting and accrual journal entries in their DFMS.

Accounting Period 12-1 (Extended) provides departments with the last opportunity to finalize their old year departmental accounts by completing entries that correct or adjust certain accounts and other financial codes. It is expected that departments will have completed all their accrual entries by P12-1

Accounting Period 12-2 (Extended) provides departments with the final opportunity to finalize their old year departmental accounts. Departments are expected to limit their P12-2 entries to correction of P12-1 transactions and those exceptional entries.



3) Year-end Process

Year End Timetable

Accounting Period 12-3 (Extended)

Only departments that have been approved to process additional transactions by the Office of the Auditor General (OAG) as a result of their audit or by the Receiver General in maintaining the general ledger and other government-wide classifications will process additional DFMS transactions and submit a P12-3 DFMS trial balance to CFMRS.

Before any DFMS transactions or mapping changes are processed in P12-3, departments must provide details of the entries and obtain the prior approval from the RG. This information will be used to compare the P12-2 and P12-3 Trial Balances to ensure that the differences in the trial balances reconcile with the details of the P12-3 entries provided.



3) Year-end Process

Year End Timetable

OGD GAP

All OGD corrections identified after March 31st will be made using OGD payable & receivable entries in the partnering departments.

These items, if not corrected in the Old Year, will be components of the government-wide Internals Gap.

The OGD GAP is the result of processing receivable and payable entries by 2 GoC entities. The RG has outlined requirements to assist in the resolution of these erroneous or missing items using a dynamically interactive website providing details of balances with partnering departments from the OGD MOASS.

3) Year-end Process

Government Operational Service - Publiservice - Netscape

File Edit View Go Communicator Help

Bookmarks Location: <http://publiservice.pwgsc.gc.ca/cars-sccr/yearend/jev-e.html> Quick Access What's Related

CARS

Publications

Organizations

- > CASD
- > CPARD
- > FRPD

Services

- > Chart of Accounts [www](#)
- > RG Manual
- > Year End
- > Public Accounts
- > CDFS
- > Training
- > Client Contacts
- > Departmental Performance Scorecards

Central Systems

- > CFMRS
- > RGGL

Related Sites

Search this site

Query Module for A/R-OGD and A/P-OGD Details by Partnering Department

The Query Module has been developed to assist departments in the reconciliation of their interdepartmental accounts receivable and accounts payable at year-end on a government-wide interdepartmental level.

The available data consists of total dollar amounts for A/R-OGD and A/P-OGD by partnering department which was previously submitted to the Receiver General by all departments.

Departments are expected to produce their own reports and contact the partnering departments regarding variances in order to make the necessary adjustments for the next Trial Balance submission.

[Departmental Submission Status](#)

Requesting Department

001 Agriculture and Agri-Food

Fiscal Year and Period

2001/2002 P12-3

Minimum Variance Amount

\$0.00

NOTE: For best results, print output in landscape format.

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3) Year-end Process

Query Module for A/R-OGD and A/P-OGD details by partnering department - Netscape

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Receivables						
Your Dept.	Requesting Dept. Receivable Amount	Part. Dept.	Partnering Dept. Payable Amount	Variance	Partnering Department	
					Name	Number
001	\$1,523,612.82	136	(\$883,780.39)	\$639,832.43	Eldon Taylor	(613) 759-6075
001	\$214,937.31	033	(\$22,061.64)	\$192,875.67	Greg Evans	(613) 954-5424
001	\$174,720.19	122	(\$11,761.17)	\$162,959.02	Diane Côté-Roy	(613) 954-5905
001	\$46,849.61	127	(\$187,548.80)	(\$140,699.19)	Sylvie Bernard	(819) 956-0861
Totals	\$1,960,119.93		(\$1,105,152.00)	\$854,967.93		

Payables						
Your Dept.	Requesting Dept. Payable Amount	Part. Dept.	Partnering Dept. Receivable Amount	Variance	Partnering Department	
					Name	Number
001	(\$9,810,056.21)	127	\$10,807,907.83	\$997,851.62	Sylvie Bernard	(819) 956-0861
001	(\$373,931.69)	122	\$18,542.00	(\$355,389.69)	Diane Côté-Roy	(613) 954-5905
001	(\$21,726,871.75)	134	\$21,559,171.84	(\$167,699.91)	André Berckman	(613) 792-2039
001	(\$2,404,196.93)	056	\$2,561,989.92	\$157,792.99	Byron Fradette	(613) 995-0163
001	(\$200,724.17)	136	\$66,432.94	(\$134,291.23)	Eldon Taylor	(613) 759-6075
001	(\$130,158.00)	133	\$0.00	(\$130,158.00)	Maria Sotrel	(204) 983-2738
001	(\$413,947.76)	005	\$310,857.77	(\$103,089.99)	Cara Garrett	(613) 994-2438
Totals	(\$35,059,886.51)		\$35,324,902.30	\$265,015.79		

* Legend: NYS = Not Yet Submitted

The following departments have not yet submitted A/R - OGD and/or A/P - OGD details spreadsheets for the relevant extended period.

Departmental Submission Status		
Department	Extended Period	Notes
()		SUBMISSION DETAILS
()	2002-03	Last update (16/01/03 at 3:30pm)
()	P-09	Note: Data accuracy is based on IS timing and clearing by departments



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Canada



3) Year-end Process

Public Accounts of Canada

The purpose is to provide information to parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible.

- **Financial Statements of the Government**
- **Prepared by the Receiver General**
- **Tabled in the House of Commons by the President of Treasury Board**
- **Consists of compilation of 39 pre-formatted Lotus 1-2-3 spreadsheets completed by the 95 entities**
- **RG consolidates information for review by Finance and TBS before the processing of the final provision entries**
- **Includes audited Financial Statements and a statement by the OAG**
- **Typically takes approx. 180 days after year-end to prepare and table**



3) Future Improvements & Initiatives



Results for Year-end in Canada



The Public Accounts of Canada set Canada as a world leader as a result of the Auditor General providing clean opinions on the Audited, Financial Statements since 1990.

Central agencies work together and share a common vision and direction of the future of government accounting and finance (Modernization of Comptrollership initiative).

Good communication and project management (plus commitment of the financial community) resulted in a successful implementation of FIS.

The quality of financial information is constantly improving; the timeliness is improving and currently under review.

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3) Future Improvements & Initiatives

Year-end Lessons Learned

The RG meets with departments after year-end to solicit feedback and to learn from the experience(s). The following summarize key items for departments to enforce:

Start preparing for year-end throughout the year (reconciling, clearing accounts and using accruals)

Good communication (from the Central agencies to departments and within large departments) is essential

**System changes are expensive and may take considerable lead time.
TBS is considering reducing the # of financial systems**



3) Future Improvements & Initiatives

Future of the Public Accounts

- **OAG observation in 01/02 Public Accounts seeks streamlining, simplification and re-design**
- **Need to review authority for existing content (TBS & OAG).
i.e. Do we still need this information?**
- **Explore new technology and research what others are doing (using questionnaires, internet and meetings)**
- **OAG and TBS are to begin a review of Public Accounts for the fall of 2003**

3) Future Improvements & Initiatives



Year-end Acceleration

- **Ultimate goal is to have Public Accounts tabled in mid/late June following the March 31st Year-end**
- **Explore new technology and research what other countries are doing and/or have done**
- **Major impediments for acceleration include:**
 - **the timing for the tabling of Public Accounts is restricted by the summer recess of the House of Commons**

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URL REFERENCES

- Government of Canada
<http://www.gc.ca>
 - Public Works and Government Services Canada
<http://www.pwgsc.gc.ca>
 - Receiver General for Canada
<http://www.pwgsc.gc.ca>
 - Treasury Board Secretariat
<http://www.tbs-sct.gc.ca>
 - Finance Canada, Department of
<http://www.fin.gc.ca>
 - Bank of Canada
<http://www.bankofcanada.ca>
 - Auditor General of Canada, Office of the
<http://www.oag-bvg.gc.ca>
- Parliament
<http://www.parl.gc.ca>

